



U.S.-PANAMA TRADE PROMOTION AGREEMENT

Alabama Farmers Will Benefit

September 2011

The U.S. agricultural sector has a great deal to gain from the pending U.S.-Panama Trade Promotion Agreement, known as the Panama TPA. The agreement will immediately eliminate duties on nearly 50 percent of current U.S. exports and gives U.S. exporters improved access to the Panamanian market for many products that have been highly protected. U.S. agricultural exports to Panama in 2010 exceeded \$450 million.

The Panama TPA agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Alabama's agricultural products, including poultry, beef, and cotton. Alabama's agricultural exports to all countries, estimated at \$802 million in 2010, supported roughly 6,700 jobs, on and off the farm. These export sales make an important contribution to the Alabama farm economy, which had total cash receipts of \$4.6 billion in 2010.

Poultry and Eggs

- The 260-percent tariff currently applied to chicken cuts will be eliminated immediately for mechanically deboned chicken, within 5 years for wings, and within 10 years for other chicken cuts except leg quarters.
- For chicken leg quarters, Panama will provide immediate duty-free access within a preferential tariff-rate quota (TRQ) that starts at 660 metric tons and grows 10 percent annually. The 260-percent over-quota tariff will be eliminated in 18 years.
- U.S. poultry exporters will continue to have access to the global 756-ton TRQ for chicken cuts that is part of Panama's World Trade Organization (WTO) commitments.
- Panama will immediately eliminate its 15-percent duties on turkey meat for frozen whole turkeys and most frozen turkey cuts. The 15-percent tariffs on processed turkey and chicken will be eliminated within 5 years.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures, recognizing the equivalence of the U.S. meat inspection system and thereby allowing U.S. inspectors to certify poultry for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Beef

- Panama will immediately eliminate its 30-percent duty on the products most important to the U.S. beef industry – prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariff on other edible offal will be eliminated immediately.
- Panama has already implemented a December 2006 bilateral agreement with the United States on SPS, reopening its market to U.S. beef by bringing its import requirements related to bovine spongiform encephalopathy into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Cotton

- Panama's current zero-tariff treatment for cotton will be locked in place immediately upon implementation of the agreement.

- Under the Panama TPA, the United States will phase-out the WTO over-quota tariff on cotton over 15 years, with no cuts during the first five years, and will continue to provide zero-duty treatment that Panama currently receives under the Caribbean Basin Initiative (CBI) on the in-quota tariff.

Peanuts

- Panama will eliminate its 15-percent tariff on most peanut products immediately.
- The tariff on roasted peanuts will be eliminated in 5 years.

Alabama Principal Agricultural Products and Exports, 2010		
Product	Cash Receipts (2010 calendar year)	Exports (2010 fiscal year)
Total	\$4.6 billion	\$802 million
Poultry and Egg Products	\$3.1 billion	\$387 million
Cattle and Beef	\$396 million	\$26 million
Cotton (exports include Linters)	\$139 million	\$123 million
Peanuts	\$83 million	\$38 million
	Source: USDA-NASS	Source: USDA-ERS

For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or LPA@fas.usda.gov.